

CARADON ELECTRICAL HOLDINGS LIMITED

(Registered Number 866782)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1999



## CARADON ELECTRICAL HOLDINGS LIMITED

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999**

The Directors present their annual report together with the audited financial statements for the year ended 31 December 1999.

#### PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity is that of a holding company. The Company's principal subsidiary companies and their activities are shown in note 6 to the financial statements.

#### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £26,000 (1998, £5,758,000). The Directors do not recommend payment of a final dividend (1998, £2,240,000). The retained profit for the year of £26,000 (1998, £3,518,000) has been transferred to reserves.

#### DIRECTORS AND DIRECTORS' INTERESTS

The composition of the Board of Directors during the year, and to the date of this report, was as follows:

B J Hintz	
M Clark	(Resigned 29 February 2000)
PR Mainwaring	(Appointed 29 February 2000)

None of the Directors held any beneficial interests in shares in the Company during the year.

The interests of B J Hintz and M Clark, who were also Directors of Caradon plc at 31 December 1999, in the issued Ordinary shares of Caradon plc, are disclosed in the financial statements of that company, being the ultimate parent undertaking, and are therefore not shown above.

No Director was or is interested in any transaction, arrangement or agreement with the Company which was material during or at the end of the year.

The Company has continued to provide liability insurance for its Directors and officers as permitted by the Companies Act 1985.

CARADON ELECTRICAL HOLDINGS LIMITED

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999 (CONTINUED)**

YEAR 2000

Following their initial assessment, the Directors continue to be alert to the potential risks and uncertainties surrounding the Year 2000 issue. As at the date of this report the Directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, the Company has passed an elective resolution to dispense with the obligation to appoint auditors annually.

By Order of the Board



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K D Richardson  
Secretary

6 March 2000

## CARADON ELECTRICAL HOLDINGS LIMITED

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act 1985 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for the financial year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AUDITORS REPORT TO THE MEMBERS OF CARADON ELECTRICAL HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 12, which have been prepared under the accounting policies set out on page 7.

### Respective Responsibilities of Directors and Auditors

As described on page 3, the Directors are responsible for preparing the financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*  
Deloitte & Touche

Chartered Accountants and Registered Auditors  
Hill House  
1 Little New Street  
London  
EC4A 4TR

*14 July 2000*

CARADON ELECTRICAL HOLDINGS LIMITED

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1999**

	<b>Notes</b>	<b>1999 £'000</b>	<b>1998 £'000</b>
Income from shares in group undertakings	3	-	5,413
Profit on disposal of fixed asset investments	5	<u>26</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		26	5,413
Taxation on profit on ordinary activities	4	<u>-</u>	<u>345</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		26	5,758
Dividends paid and proposed		<u>-</u>	<u>(2,240)</u>
RETAINED PROFIT FOR THE YEAR	10	<u><u>26</u></u>	<u><u>3,518</u></u>

The Company has no recognised gains or losses other than those passing through the profit and loss account. Accordingly, a statement of recognised gains and losses has not been prepared.

All of the Company's activities are continuing activities.

The notes on pages 7 to 12 form part of these financial statements.

CARADON ELECTRICAL HOLDINGS LIMITED

**BALANCE SHEET AS AT 31 DECEMBER 1999**

		1999	1998
	Notes	£'000	£'000
FIXED ASSETS			
Investments	5	74,662	74,657
CURRENT ASSETS			
Debtors (amounts falling due within one year)	6	440	439
Debtors (amounts falling due after more than one year)	6	<u>15,710</u>	<u>16,128</u>
		16,150	16,567
CREDITORS (amounts falling due within one year)	7	<u>(660)</u>	<u>(1,098)</u>
NET CURRENT ASSETS		<u>15,490</u>	<u>15,469</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES		90,152	90,126
CREDITORS (amounts falling due after more than one year)	8	<u>(143)</u>	<u>(143)</u>
NET ASSETS		<u><u>90,009</u></u>	<u><u>89,983</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	11,597	11,597
Share premium account	10	74,870	74,870
Profit and loss account	10	<u>3,542</u>	<u>3,516</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u><u>90,009</u></u>	<u><u>89,983</u></u>

The notes on pages 7 to 12 form part of these financial statements.

These financial statements were approved by the Board of Directors on 6 March 2000.



P R Mainwaring  
Director

# CARADON ELECTRICAL HOLDINGS LIMITED

## **NOTES TO THE FINANCIAL STATEMENTS**

### 1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

#### (a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### (b) Investment in Subsidiary Undertakings

Investments in subsidiary undertakings are stated at cost less provisions where in the opinion of the directors there has been a permanent diminution in value.

#### (c) Foreign Currencies

Trading items are translated into sterling at average rates of exchange for the relevant accounting period. Balance sheet items in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date. All foreign currency gains and losses are taken to the profit and loss account.

### 2. DIRECTORS' EMOLUMENTS

Directors' emoluments amounted to £nil (1998: £nil).

### 3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	1999 £'000	1998 £'000
Dividends receivable from:		
Caradon Friedland Limited	-	2,400
Caradon MK Electric Limited	-	613
Caradon Gent Limited	-	2,400
	<u>-</u>	<u>5,413</u>

### 4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1999 £'000	1998 £'000
Taxation on the profit for the year	-	-
Under-provision in prior years	-	(467)
Tax attributable to franked investment income	-	122
	<u>-</u>	<u>(345)</u>



CARADON ELECTRICAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**5. FIXED ASSET INVESTMENTS**

	Shares in subsidiary undertakings £'000	Shares in associated undertakings £'000	Total £'000
Cost at 1 January 1999	81,788	49	81,837
Additions	10	-	10
Disposals	<u>(5)</u>	<u>-</u>	<u>(5)</u>
Cost at 31 December 1999	<u>81,793</u>	<u>49</u>	<u>81,842</u>
Provision for diminution in carrying value at 1 January 1999 and 31 December 1999	<u>(7,180)</u>	<u>-</u>	<u>(7,180)</u>
Net Book value at 31 December 1999	<u>74,613</u>	<u>49</u>	<u>74,662</u>
Net Book value at 1 January 1999	<u>74,608</u>	<u>49</u>	<u>74,657</u>

During the year the investment in MK Electric Malaysia was sold to Pillar Electrical Overseas Ltd. There was also a further investment of £10,089 to increase the capital reserve of MK Verwaltungs GmbH. Principal subsidiary undertakings are listed below, all of which were engaged in the manufacture or supply of electrical products and systems for buildings with the exception of Pillar Electrical Overseas Limited and Ega Holdings Limited which were Holding companies and Duraplug Electricals Limited, F W Limited and Superswitch Electrical Appliances Ltd which were dormant. The interests marked \* are held directly by the Company.

CARADON ELECTRICAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>Name</b>	<b>Country of registration/incorporation</b>
Duraplug Electricals Limited*	England & Wales
Ega Holdings Limited*	England & Wales
Caradon Esser GmbH	Austria
Esser Sicherheitstechnik GmbH	Germany
FW Limited*	England & Wales
Caradon Friedland Limited*	England & Wales
Caradon Friedland SA	France
Caradon Gent Limited	England & Wales
Gilflex Limited*	England & Wales
Klaus Esser Nederland BV	Netherlands
Caradon MK Electric Limited*	England & Wales
MK Electric (China) Limited	Hong Kong
MK Electric International Limited*	Jersey
MK Electric (Singapore) Pte Limited	Singapore
MK Verwaltungs GmbH*	Germany
Caradon Electrical Overseas Limited*	England & Wales
PVC (Powders) Limited*	England & Wales
Select Electric (Malaysia) Sendirian Berhad	Malaysia
Superswitch Electrical Appliances Ltd*	England & Wales
Caradon Trend Limited*	England & Wales
Trend Regulation SA	France
V&E Friedland GmbH	Germany

For all of the above subsidiaries Caradon Electrical Holdings Limited holds 100% of the ordinary shares with corresponding voting rights except for PVC (Powders) Limited in which the Company has a 49% interest.

In the opinion of the Directors the aggregate value of the Company's investment in and advances to its subsidiary undertakings is not less than the aggregate amount at which they are stated in the balance sheet.

The Company is a wholly owned subsidiary of Caradon plc, a company registered in England and Wales thus under Section 228 of the Companies Act 1985 is exempt from producing group financial statements.

CARADON ELECTRICAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6. DEBTORS**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by ultimate parent undertaking and fellow subsidiary undertakings	4,880	5,327
Amounts owed by subsidiary Undertakings	10,833	10,803
Advanced Corporation tax recoverable	<u>437</u>	<u>437</u>
	<u><u>16,150</u></u>	<u><u>16,567</u></u>

Included within debtors are amounts totalling £15,710,000 (1998, £16,128,000) which are repayable after more than one year.

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to ultimate parent undertaking and fellow subsidiary undertakings	660	661
Advanced corporation tax payable	<u>-</u>	<u>437</u>
	<u><u>660</u></u>	<u><u>1,098</u></u>

**8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>1999</b>	<b>1998</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to ultimate parent undertaking and fellow subsidiary undertakings	135	135
Amounts owed to subsidiary undertakings	<u>8</u>	<u>8</u>
	<u><u>143</u></u>	<u><u>143</u></u>

CARADON ELECTRICAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

9. SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised:		
52,000,000 Ordinary Shares of 25p each	<u>13,000</u>	<u>13,000</u>
Allotted, issued and fully paid:		
46,386,948 Ordinary Shares of 25p each	<u>11,597</u>	<u>11,597</u>

10. RESERVES

	Share Premium Account £'000	Profit & Loss Account £'000
Balance at 1 January 1999	74,870	3,516
Retained profit for the year	-	26
At 31 December 1999	<u>74,870</u>	<u>3,542</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
Profit for the financial year	26	5,758
Dividends payable	-	<u>(2,240)</u>
Net addition to shareholders' funds	26	3,518
Opening shareholders' funds	<u>89,983</u>	<u>86,465</u>
Closing shareholders' funds	<u>90,009</u>	<u>89,983</u>

12. CASH FLOW STATEMENT

A consolidated cash flow statement has been included in the financial statements of the parent company which include the financial statements of Caradon Electrical Holdings Limited. Accordingly, as permitted by FRS1 (revised), no cash flow statement is presented with these financial statements.

13. CONTINGENT LIABILITIES

The Company has given performance guarantees in respect of contracts obtained by subsidiary undertakings in the normal course of business.

The Company has legal title to leases of land, details of which are included in the accounts of other Group companies.

CARADON ELECTRICAL HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

The Directors are of the opinion that no material loss will arise under these arrangements.

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by FRS8 not to disclose transactions with other Caradon Group Companies that qualify as related parties.

15. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Caradon plc, a company registered in England & Wales. The Caradon Group is the largest and smallest group of which the Company is a member and for which group accounts are prepared. Copies of these group financial statements can be obtained from The Secretary, Caradon plc, Caradon House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.